



DRAFT BUDGET AND MTREF 2016/2017

PREPARED BY: BUDGET AND TREASURY OFFICE

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1. Mayors Budget Speech

Mr Speaker

Deputy Mayor

Honourable Councillors

Municipal Manager, Heads of Departments and other Officials present

Distinguished guests

Members of the press

Ladies and gentlemen

Good morning,

Mr Speaker let me once more say I welcome everyone back from the Easter holidays.

It is indeed a great honour for me to present the very last Draft Budget for this Council Structure and the organisation called Hibiscus Coast Municipality as we are all aware that we are in the last months of our term of office and that the Hibiscus Coast Municipality will be disestablished and merge with Ezingoleni Municipality to form a new municipality.

The Provincial Gazette No. 1594 Section 14(5) seeks to govern the process of planning of budgets in municipalities such as ours, which are affected by amalgamation processes. It directs that in the event that local government elections take place on or before 30 June 2016,

- the individual budgets of the merging municipalities of 2015/2016 municipal financial year will continue to apply within the former areas of jurisdiction of the merging municipalities until 30 June 2016; and
- the relevant consolidated budget for the 2016/2017 municipal financial year will apply to the relevant new municipality from 1 July 2016;

The same gazette indicates that in the event that the elections are held after 30 June 2016,

- the individual budgets of the merging municipalities for the 2016/2017 municipal financial year will apply within the former areas of jurisdiction of the

merging municipalities from 1 July 2016 until the last calendar day of the month following the month in which the elections are held; and

- the relevant consolidated budgets for the 2016/2017 municipal financial year will apply to the relevant new municipality from the first day of the month following the last calendar day of the month following the month in which the elections are held.

Mr Speaker and Honourable fellow Councillors, it is important to stress that presentation of this budget is in line with the values of transparency and clean governance as envisaged of a developmental state such as ours, and as provided for in our legislative framework.

Section 16(2) of the Municipal Finance Management Act (MFMA) directs that the Mayor must table the draft annual budget to Council at least 90 days prior the commencement of the new financial year; and this is important in two respects:

- It affords Council adequate opportunity to deliberate on the budget document, thereby discharging its oversight mandate
- It enables members of the public, individually and collectively, to interrogate the proposed budget so that they can make representations. After all, our constitutional state is underpinned by a strong pillar of public participation.

Mr Speaker, as the political head of this Council I would be failing in my responsibilities if before I go straight to the actual budget, I do not remind this august house of the Economic Pressure faced by the whole of the global world. This economic situation affects mostly the developing countries like ours, and if this is not handled prudently especially at the level of governance, may lead to state bankruptcy and thereby result to an insolvent population, with the majority of people living under the triple challenges, namely Unemployment, Poverty and Inequality. This situation clearly means that as a country we will not be able to grow and produce the number of jobs that we anticipated.

This point of concern was highlighted in the President's State of the Nation Address, Finance Minister Gordhan's Budget speech as well as by the Provincial Finance MEC when she tabled the provincial budget recently.

As Hibiscus Coast Municipality, we are not immune from the effects painted by this gloomy picture as we saw that in our 2015/2016 Adjustment Budget we had to reduce our revenue projections and obviously our expenditure. As this is still persistent, on a countrywide scale there is a reduced tax and employment base and therefore our revenue streams have been negatively affected. In addition to that, I need to indicate Mr Speaker that, our equitable share allocation from Treasury has reduced by more than R10 million.

All of this places on us the responsibility to adopt an effective turnaround strategy which will enable us to do more with less. As has been articulated by leadership at various levels, it cannot be business as usual; we have to exercise Financial Prudence, make some difficult choices and come up with some Cost-Cutting Measures (Sibophe amabhande lapho kungenzeka khona)

Having said that Mr Speaker, and before presenting the Draft Budget, I wish to state that there is a plan that will enable the municipality to reduce its overheads, whilst at the same time not compromising on service delivery.

The plan is centred on five key pillars:

- Strengthening of revenue collection
- Expansion of revenue base
- Implementing cost cutting measures
- Strengthening internal controls, and
- Rebuilding of reserves

This will be dealt with in more details on item 16.7, titled Financial Viability Improvement Plan and I am making a special appeal to everyone to support the plan so we can make significant progress in alleviating our financial difficulty.

Mr Speaker let me go back to the Draft Budget and from the onset indicate that despite the constrained financial position I alluded to above, this draft budget seeks to add impetus on our efforts to maintain and improve our infrastructure. In addition Mr Speaker, this Budget talks to issues raised by our communities during the *Izimbizo* sessions we held in November last year, and are also articulated in the municipality's Integrated Development Plan (IDP).

Mr Speaker, the following principles underpin the draft budget we are tabling today:

- Alignment of budget expenditure with relevant policy considerations
- Realistic anticipated revenue
- Limitation on non- priority spending
- Due regard to regulated powers and functions

Operating income budget

The operating income budget is proposed at R785million owing to following:

Tariff of charges

It is proposed that service tariff of charges be increased by 7% and also proposed that subject to NERSA approval, the electricity tariff be increased by 9,4% to offset expenses associated with bulk buying from Eskom.

Rates

Several circulars from national Treasury stress that when municipalities consider rates increases, they should take into consideration labour costs, the need to ensure financial sustainability as well as the current economic climate.

In light of the current inflation rate, coupled with the cost of doing business, it is proposed that property rates be increased by 7%.

Equitable Share

In addition to the above, the municipality expects an income of R125, 9 million in the form of the Equitable Share from National Treasury.

Operating expenditure budget

Salaries

The salaries for employees is allocated an increase of CPI + 1%, in line with the multi-year salary agreement that is in place as well as 6% for Councillors. In total an amount of R338 million is set aside for Salaries and it remains a concern that this represents 43.05% of the Total Operating Budget though when considering the total budget (both Operating and Capital Budget), this amount is 36.9%, which is at least a slight improvement compared to other years. We must however bear in mind that the final determination of salaries for both councillors and officials falls outside the scope of the functions of the municipality, hence adjustments will be made if and when a need arises.

Other expenses

I will just highlight few critical items under General Expenses and those are:

- Ward Committee Allowances will increase to R2,6 million of the expenses budget
- In line with our government's vision of investing more on our Youth, Youth Empowerment Initiatives have been allocated a budget of R1,4 million. It is envisaged that this allocation will assist the Youth Development office in the provision of essential services for young people in areas of education and skills acquisition;
- In addition, internships, uniform assistance and the Mayoral Registration Fees' budget will add a combined R1,2 million towards the empowerment of young people.
- Other priority vulnerable groups such as women, the disabled, children, farmworkers and senior citizens have been allocated a budget of R1, 2 million;

- There is an allocation of R900 000 for poverty alleviation programmes plus R1, 5 million for the Food for Waste Project
- Vulnerable households will benefit to the tune of close to R50 million through our indigent support programme which covers areas such as free basic services and rates rebates.
- As a tourist friendly destination, we will continue to support several major events in pursuit of our tourist attraction and retention strategy. For the upcoming financial year we have budgeted R1,1 million for the Women Golf Tournament, R500 000 towards Ugu Jazz Festival, R450 000 for Africa Bike Week, R200 000 for Uvukile Gospel Festival, R150 000 for Gamalakhe Music Festival, R150 000 for HCM Cycling Classic and another R150 000 for HCM Marathon
- We will also continue to make contributions to the Ugu South Coast Tourism and the Ugu Development Agency, who are allocated just over R1, 7 million each.

Repairs and maintenance

Operational repairs and maintenance remain a strategic imperative for the municipality's sustainability. These include the purchase of materials, diesel and fuel as well as general maintenance and repairs.

Repairs and maintenance is projected at R50, 1million in the 2016/2017 budget which represents 6.36% of the total Operating Budget.

From this Operating Expenditure, the road network and electricity maintenance will be allocated a combined budget of R23, 1 million.

It is important to have a capacitated cadre of professionals and councilors who will be able to exercise their duties effectively for the success of implementing this budget. Therefore training and skilling plays a crucial role in empowerment initiatives for internal stakeholders. To this end a sum of R2, 7 million will be set aside for study and training workshops for staff and councilors.

Capital budget

Our capital budget will be funded through:

• Internal funding	-	R18,680,000
• Housing grants	-	R52,681,335
• Municipal Infrastructure Grant (MIG)	-	R44,414,800
• Department of Transport Grant	-	R9,000,000
• Department of Minerals and Energy	-	R7,000,000

In total, the capital budget amounts to R131, 7 million.

The overall budget for 2016/2017 is therefore projected at R916,7 million. We are edging closer to the R1 billion mark, a target which we hope to reach in the next financial year.

As I take my leave Mr Speaker and honourable councilors I would like to convey our appreciation to the officials for ensuring that we are always able to present the budget on time and in the prescribed format.

Mr Speaker, ladies and gentlemen; let us use this opportunity to engage amongst ourselves, and then move on to discuss this budget with our wider communities in preparation for the budget Izimbizo which will start on the 1st of April. Let me indicate that we have to also table the Draft Budget to the Political Change Management Committee as part of the Amalgamation Processes as outlined in the Provincial Gazette I quoted from earlier on.

Let me conclude Mr Speaker by saying that together we can move our beloved Hibiscus Coast forward as long as we continue working together for the best interest of our citizens.

I thank you

Cllr NCP Mqwebu

Mayor

2. Resolution

16.11 DRAFT ANNUAL BUDGET 2016/2017 (6/1/1-2016/2017) (CFO0542016)

The report which appeared on page 589 of the agenda was considered.

C134/03/2016

RESOLVED

1. THAT the report dated 17 March 2016, submitted by the Chief Financial Officer, regarding the Draft Annual Budget and budget related policies 2016/2017, be and is hereby received and noted;
2. THAT the Operating Budget 2016/2017 financial year, be and is hereby **approved** as follows:

Total Operating Income	R 785,051,100
Total operating Expenditure	R 785,050,296
Surplus	R804.00
3. THAT the Draft Capital Budget for the 2016/2017 financial year as tabled in the amount of R131,776,135, be and it hereby **approved**; and
4. THAT the Adjustment Budget 2015-2016 feedback by Provincial Treasury, be and is hereby **accepted**.

CERTIFIED AS A TRUE COPY OF THE ORIGINAL



MS G NAICKER
MANAGER MEETINGS AND ADMINISTRATION

30 / 03 / 2016
DATE

Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Assessment Rates – Local Government taxation based on an assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, such as the tariffs policy, rates policy and credit control and debt collection policy.

Capital Expenditure – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Position.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it scores as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognized classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognized Accounting Practice. The new standard for municipal accounting and basis upon which the Annual Financial Statements are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MFMA – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorized expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided. In Hibiscus Coast Municipality this means at directorate level.

3. Executive Summary

The application of sound financial management principles for the compilation of the Hibiscus Coast Municipality's Draft Budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainability, economically and equitably to all communities.

The Hibiscus Coast Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/17 MTREF which indicates the following amongst other things: guidance on budgeting for municipalities affected by redetermination of boundaries. This budget will be consolidated with ezingoleni municipal budget to form the budget for the new municipality.

The current budget will not show the two outer since the municipality will be disestablish and a new municipality will be formed.

3.1 MFMA Circulars

National Treasury sent out MFMA Circular No. 78 and 79 providing guidance to municipalities on their 2016/17 budgets and Medium Term Revenue and Expenditure

Framework (MTREF). Circular 66 was followed up by Circular no.67 dated 12 March 2013. Circular No. 66 & 67 reminds us of the key focus areas for the 2016/2017 budget process, and that it must be read together with MFMA Circulars no. 48, 51, 54, 55, 58 and 59. It is essential reading material in order to understand the background to this budget.

National Treasury has also set out the requirements for funding the budget and producing a credible budget.

3.1.1 Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not Committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17(2).

Achievement of this requirement in totality effectively means that a Council has surplus in its budget by ensuring that a budgeted outflow does not exceed planned inflows.

Under old budget formats income generated approach was a key objective and this assisted in ensuring that outflows were matched by inflows, provided revenue collections were realistic. However, GRAP compliant budgets necessitate that budget 'balancing' be much more comprehensive.

New budgeting and accounting formats demand that the budgeted Statement of Financial Performance, the Budgeted Statement of Financial Position and the Budgeted Statement of Cash Flows must be considered simultaneously to ensure effective financial management and sustainability.

3.1.2 A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

The main challenges experienced during the compilation of the Budget 2016/17 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost and electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2016/17 Budget:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 draft budget;
- Audited AFS for 2015 were also used as a guide for the compilation of the 2016/17 draft Budget.
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- The 2016 Division of Revenue Bill issued on 18 February 2016 and a revised that details the allocations that the municipality need to be reflected in the budget
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;
- The relevant policy developments in the different sectors proposals from the National Energy Regulator of South Africa (NERSA)
- Macro economics forecast has been taken onto account when preparing the salaries budget, the current CPI plus 1 percent for 2016/7 financial year.
- The upper limit was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to priorities expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;
 - Special Events;
 - Refreshments and entertainment;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

4. Table 1 Consolidated Overview

KZN216 Hibiscus Coast - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	264,332	278,498	290,968	329,285	320,439	320,439	-	342,776	-	-
Service charges	121,992	127,016	136,039	171,352	169,566	169,566	-	183,536	-	-
Investment revenue	6,718	5,504	3,783	5,525	4,600	4,600	-	4,922	-	-
Transfers recognised - operational	126,454	169,191	135,290	129,064	142,384	142,384	-	149,392	-	-
Other own revenue	42,866	78,589	80,149	119,634	43,265	43,265	-	104,425	-	-
Total Revenue (excluding capital transfers and contributions)	562,362	658,798	646,229	754,860	680,253	680,253	-	785,051	-	-
Employee costs	249,130	279,814	289,557	316,931	312,616	312,616	-	311,303	-	-
Remuneration of councillors	16,417	17,837	19,371	17,708	19,664	19,664	-	21,573	-	-
Depreciation & asset impairment	58,909	55,606	72,644	55,526	69,968	69,968	-	58,500	-	-
Finance charges	6,517	5,910	5,262	6,998	5,398	5,398	-	5,522	-	-
Materials and bulk purchases	101,247	104,271	126,127	133,645	129,148	129,148	-	136,879	-	-
Transfers and grants	8,529	5,777	5,868	66,100	5,937	5,937	-	4,428	-	-
Other expenditure	165,808	179,178	210,033	157,951	187,813	187,813	-	246,847	-	-
Total Expenditure	606,557	648,393	728,863	754,860	730,543	730,543	-	785,050	-	-
Surplus/(Deficit)	(44,195)	10,404	(82,634)	(0)	(50,290)	(50,290)	-	1	-	-
Transfers recognised - capital	-	-	45,174	-	97,940	97,940	-	108,436	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(44,195)	10,404	(37,460)	(0)	47,650	47,650	-	108,436	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(44,195)	10,404	(37,460)	(0)	47,650	47,650	-	108,436	-	-
Capital expenditure & funds sources										
Capital expenditure	53,656	76,216	79,800	163,336	142,465	142,465	-	131,776	-	-
Transfers recognised - capital	31,766	40,173	45,174	109,218	97,939	97,939	-	113,096	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	4,521	-	-	-	-	-	-	-	-	-
Internally generated funds	17,370	36,316	34,627	54,118	44,526	44,526	-	18,680	-	-
Total sources of capital funds	53,656	76,489	79,800	163,336	142,465	142,465	-	131,776	-	-
Financial position										
Total current assets	311,534	338,611	298,417	288,301	257,112	257,112	-	343,799	-	-
Total non current assets	1,226,474	1,229,811	1,239,085	878,780	1,312,207	1,312,207	-	1,382,280	-	-
Total current liabilities	148,973	181,354	223,130	150,932	156,325	156,325	-	166,517	-	-
Total non current liabilities	106,765	113,893	114,909	84,661	114,694	114,694	-	114,406	-	-
Community wealth/Equity	1,282,270	1,273,175	1,199,463	931,489	1,298,300	1,298,300	-	1,445,156	-	-
Cash flows										
Net cash from (used) operating	32,099	83,434	29,081	142,303	100,988	100,988	-	144,677	-	-
Net cash from (used) investing	(52,729)	(77,461)	(82,254)	(161,836)	(127,695)	(127,695)	-	(131,776)	-	-
Net cash from (used) financing	(6,452)	(5,381)	(5,714)	(6,032)	(6,032)	(6,032)	-	(5,144)	-	-
Cash/cash equivalents at the year end	150,124	150,715	91,829	177,730	59,090	59,090	-	66,847	66,847	66,847
Cash backing/surplus reconciliation										
Cash and investments available	150,124	150,715	91,829	171,519	68,015	68,015	-	66,847	-	-
Application of cash and investments	(44,129)	(54,712)	(2,669)	(1,267)	(53,276)	(53,276)	-	(122,844)	-	-
Balance - surplus (shortfall)	194,253	205,428	94,497	172,786	121,291	121,291	-	189,691	-	-
Asset management										
Asset register summary (WDV)	1,216,099	1,221,049	236,403	1,337,641	1,280,840	1,280,840	1,374,243	1,374,243	-	-
Depreciation & asset impairment	58,909	55,606	72,644	55,526	69,968	69,968	58,500	58,500	-	-
Renewal of Existing Assets	25,143	33,242	-	17,952	23,640	23,640	23,640	21,100	-	-
Repairs and Maintenance	37,265	36,609	54,308	42,588	51,726	51,726	50,167	50,167	-	-
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	31,807	31,807	31,807	-	-	43,594	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Total operating revenue increased by 13 per cent (R104.7 million) for the 2016/17 budget compared to the 2015/16 adjustment Budget of R680 million. The two outer years are not reflected since the municipality will merge and new municipality will be established.

Total operating expenditure for the 2016/17 budget will be R785 million and when compared to the 2015/16 adjustment Budget. The overall budgeted performance is showing a surplus. The budget performance also include non cash item for depreciation and asset impairment

to the value of R58.5 million other expenditure has included other non cash item for debt impairment to the value of R500 thousand.

Capital expenditure for the year as per the budget amounts to R131.7 million. This budget is funded through transfer's recognized capital and internal funds of R113 million (MIG of R46.7 million, transport grant R9 million and Housing funds of R57.3 million) and R18.6 million respectively.

5. Operating Revenue Framework

For Hibiscus Coast Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 100 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN216 Hibiscus Coast - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands										
Financial Performance										
Property rates	264,332	278,498	290,968	329,285	320,439	320,439	-	342,776	-	-
Service charges	121,992	127,016	136,039	171,352	169,566	169,566	-	183,536	-	-
Investment revenue	6,718	5,504	3,783	5,525	4,600	4,600	-	4,922	-	-
Transfers recognised - operational	126,454	169,191	135,290	129,064	142,384	142,384	-	149,392	-	-
Other own revenue	42,866	78,589	80,149	119,634	43,265	43,265	-	104,425	-	-
Total Revenue (excluding capital transfers and contributions)	562,362	658,798	646,229	754,860	680,253	680,253	-	785,051	-	-

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating revenue.

Revenue generated from rates, services charges and transfers from grants forms a significant percentage of the revenue basket for the municipality. Rates, service charge revenues and grants operational comprise more than two thirds of the total revenue mix.

In the 2016/17 financial year, revenue from rates, services charges and grants operational totaled R785 million. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity.

Property rates are the first largest revenue source totaling 46 per cent or R342.7 million rand in 2016/17. The second and third largest sources are revenue from service charges and grants operational of R183 million and R152 million.

Other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R142.3 million in the 2015/16 adjustment budget and increased to R152 million in the draft budget. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Figure 1 Sources of revenue

Table 4 Operating Transfers and Grant Receipts

KZN216 Hibiscus Coast - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		61,565	67,245	109,161	139,352	132,495	132,495	140,540	-	-
Local Government Equitable Share		56,805	56,805	99,543	125,965	125,965	125,965	125,965		
Finance Management		1,450	1,550	1,600	1,600	1,600	1,600	1,624		
Municipal Systems Improvement		790	890	934	930	930	930	-		
Integrated National Electrification Programme		-	7,000	6,000	8,000	3,000	3,000	7,000		
EPWP Incentive		2,520	1,000	1,084	1,000	1,000	1,000	1,095		
Municipal Demarcation Transition Grant				-	1,857	-	-	4,857		
						-	-			
Provincial Government:		48,118	33,487	30,288	15,155	9,889	9,889	11,627	-	-
Housing		47,787	15,778		7,066	1,806	1,806	3,378		
Sport and Recreation			675	7,413	-	-	-			
KZN Art and Culture - Museums and Libraries			7,034	1,575	8,089	8,083	8,083	8,249		
KZN Transport - Intermodal Facility			10,000	10,000	-	-	-			
KZN COGTA Urban Renewal and Africa Bike Week		331	-	11,300	-	-	-			
District Municipality:		-	-	-	-	-	-	-	-	-
KZN Transport										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	109,683	100,732	139,449	154,507	142,384	142,384	152,167	-	-

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the municipality.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc.

The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

5.1. Property Rates

National Treasury's MFMA Circular No. 58 and 59 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R85 000 and R50 000 reduction on the market value of a property for residential and vacant land categories respectively, will be granted in terms of the municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents and child headed household in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons whose household income equal 2 state pensions, 4 state pensions and 6 state pensions will receive a rebate of 75%, 50% and 25 % respectively in terms of Rates policy.
- Indigents, in terms of the indigent policy are exempt from paying rates if the value of the property is less than R320 000.00.

The categories of rate-able properties for purposes of levying rates the proposed rates increase for the 2015/16 financial year is 7 per cent.

Table 5 Proposed rates increase for the 2016/17 financial year

KZN216 Hibiscus Coast - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Property rates (rate in the Rand)	1								
Residential properties			0.0075	0.0081	0.0087	0.0093	0.0099	0.0106	0.0114
Residential properties - vacant land			0.0151	0.0162	0.0173	0.0186	0.0199	0.0212	0.0227
Formal/informal settlements			-	-	-	-	-	-	-
Small holdings			-	-	-	-	-	-	-
Farm properties - used			0.0008	0.0008	0.0009	0.0009	0.0010	0.0011	0.0011
Farm properties - not used			0.0019	0.0020	0.0022	0.0023	0.0025	0.0027	0.0028
Industrial properties			0.0151	0.0162	0.0173	0.0186	0.0199	0.0212	0.0227
Business and commercial properties			0.1507	0.1621	0.0173	0.0186	0.0199	0.0212	0.0227
Communal land - residential			0.0008	0.0008	0.0009	0.0009	0.0010	0.0011	0.0011
Communal land - small holdings			-	-	-	-	-	-	-
Communal land - farm property			-	-	-	-	-	-	-
Communal land - business and commercial			-	-	-	-	-	-	-
Communal land - other			-	-	0.0009	0.0009	0.0010	0.0011	0.0011
State-owned properties			0.0042	0.0045	0.0043	0.0046	0.0049	0.0053	0.0056
Municipal properties			-	-	-	-	-	-	-
Public service infrastructure			-	-	0.0022	0.0023	0.0025	0.0027	0.0028

5.2. Sale of Electricity and Impact of Tariff Increases

Considering the Eskom increases of 9.4%, the consumer tariff had to be increased by 7.39 per cent to offset the additional bulk purchase cost from 1 July 2016. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

5.3. Waste Removal and Impact of Tariff Increases

The municipality has implemented a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to solid waste are maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Currently solid waste removal is operating at a surplus.

5.4. Other Tariff of Charges

Other tariff of charges such licenses and permits, town planning, fines and other revenue have been increased by 7 per cent.

It must be noted that the Town planning related tariffs were not increased in the 2016/17 financial year in order to promote economic development in the Hibiscus coast area.

6. Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

Table 8 Summary of operating expenditure by standard classification item

Expenditure By Type											
Employee related costs	2	249,130	279,814	289,557	316,931	312,616	312,616	-	311,303	-	-
Remuneration of councillors		16,417	17,837	19,371	17,708	19,664	19,664		21,573		
Debt impairment	3	669	1,926	3,358	-	3,593	3,593		500		
Depreciation & asset impairment	2	58,909	55,606	72,644	55,526	69,968	69,968	-	58,500	-	-
Finance charges		6,517	5,910	5,262	6,998	5,398	5,398		5,522		
Bulk purchases	2	63,982	67,662	71,819	77,422	77,422	77,422	-	86,712	-	-
Other materials	8	37,265	36,609	54,308	56,224	51,726	51,726		50,167		
Contracted services		24,982	27,421	28,640	34,692	33,330	33,330	-	36,937	-	-
Transfers and grants		8,529	5,777	5,868	66,100	5,937	5,937	-	4,428	-	-
Other expenditure	4, 5	139,735	149,831	177,323	123,259	150,890	150,890	-	209,410	-	-
Loss on disposal of PPE		422	-	713							
Total Expenditure		606,557	648,393	728,863	754,860	730,543	730,543	-	785,050	-	-

Table 9 Employee related costs details and councillors

KZN216 Hibiscus Coast - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		10,280	14,708	19,371	16,565	18,787	18,787	19,914		
Pension and UIF Contributions						-	-			
Medical Aid Contributions						-	-			
Motor Vehicle Allowance						-	-			
Cellphone Allowance			765		809	876	876	1,210		
Housing Allowances						-	-			
Other benefits and allowances		6,137			335	-	-	448		
Sub Total - Councillors		16,417	15,473	19,371	17,708	19,664	19,664	21,573	-	-
% increase	4		(5.8%)	25.2%	(8.6%)	11.0%	-	9.7%	(100.0%)	-
Senior Managers of the Municipality	2									
Basic Salaries and Wages		5,985	5,985	2,694	6,592	6,592	6,592	7,641		
Pension and UIF Contributions				676						
Medical Aid Contributions										
Overtime										
Performance Bonus				610				637		
Motor Vehicle Allowance	3			1,571						
Cellphone Allowance	3									
Housing Allowances	3			1,571						
Other benefits and allowances	3							257		
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		5,985	5,985	7,122	6,592	6,592	6,592	8,535	-	-
% increase	4		-	19.0%	(7.4%)	-	-	29.5%	(100.0%)	-
Other Municipal Staff										
Basic Salaries and Wages		148,180	141,453	175,293	189,790	185,475	185,475	200,266		
Pension and UIF Contributions		28,543	24,124	21,449	38,657	38,657	38,657	38,724		
Medical Aid Contributions		9,806	8,001	21,449	17,695	17,695	17,695	17,208		
Overtime		14,354	13,456	13,339	11,571	11,571	11,571	8,535		
Performance Bonus		11,789	11,043	14,118	15,970	15,970	15,970	17,012		
Motor Vehicle Allowance	3	7,010	6,920	9,999	8,195	8,195	8,195	10,854		
Cellphone Allowance	3	1,679	-		1,778	1,778	1,778	1,741		
Housing Allowances	3	748	870	1,221	1,403	1,403	1,403	3,009		
Other benefits and allowances	3	21,987	29,247	14,332	25,282	25,282	25,282	5,419		
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6	5,034	5,034	11,234						
Sub Total - Other Municipal Staff		249,130	240,148	282,436	310,340	306,025	306,025	302,768	-	-
% increase	4		(3.6%)	17.6%	9.9%	(1.4%)	-	(1.1%)	(100.0%)	-
Total Parent Municipality		271,532	261,606	308,928	334,639	332,280	332,280	332,876	-	-

The budgeted allocation for employee related costs, senior management and councillors for the 2016/17 financial year totals R332.8 million, which equals 42 per cent of the total operating expenditure. The salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2016/17 financial year and also it must be noted that there are other line items within employee costs e.g. overtime, standby allowances, salaries temps, pension funds contributions which were not kept at 7 per cent increase as compared to basic salary increase.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R59 million for the 2016/17 financial and equates to 7.5 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (Cost of capital). Finance charges make up 0.7 per cent (R5.5 million) of operating expenditure budget excluding annual redemption.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The increase is 9.4 per cent as per NERSA Guidelines.

Repairs and maintenance comprises of amongst others the purchase of fuel, diesel, materials for maintenance, potholes, cleaning materials and chemicals. This group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure especially potholes. For 2016/17 the appropriation against this group of expenditure equals 6.3 per cent (R50.1 million)

Out of the R50.1 million repairs and maintenance budget, R15million relates to potholes and roads preventative maintenance .It must also be noted that roads rehabilitation amounting to R20.7 million been considered in the capital budget.

Contracted services equal to 4.7 per cent of the expenditure budget and has been budgeted at R36.9 million.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The salient features of general expenses have been the following:

- Special functions – R1.1million
- Ugu Tourism R1.7 million
- Insurance all assets R2.2 million
- Indigent support R2.5 million
- Subscriptions SALGA –R3.4 million
- Ward Committee Allowance –2.1 million
- Back to School Campaign –R150 thousand
- Caucus Fees R203 thousand
- Youth Empowerment-R1.4 million
- Gender Empowerment- R500 thousand
- Children's rights R150 thousand
- Senior Citizen R350 thousand
- People living with disability R138 thousand
- Food for Waste R1.5million
- EPWP-R1 million
- Grant to Hibiscus Coast Development Agency R1.7 million
- Free basic indigents R 2.7 million
- Rebates R43.5 million
- Training and workshops R2.3 million
- Councilors training R400 thousand

- Security monitoring charges R10 million
- Water charges R3.4 million
- Refuse site disposal charges R5.9 million
- Refuse bags R1.5 million

6.1. Priority given to repairs and maintenance

During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance especially roads. To this end, repairs and maintenance was substantially decreased from R51.7 to R50.1 million by R1.6million.

An amount of R15 million for roads rehabilitation has been provided under capital budget...

6.2 Free Basic Services: Basic Social Service Package

The social package assists households that are poor or face circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy and the policy is reviewed annually. The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

7. Capital Expenditure Framework

Table 11 Capital expenditure by funding source

<u>Capital expenditure & funds sources</u>										
Capital expenditure	53,656	76,216	79,800	163,336	142,465	142,465	-	131,776	-	-
Transfers recognised - capital	31,766	40,173	45,174	109,218	97,939	97,939	-	113,096	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	4,521	-	-	-	-	-	-	-	-	-
Internally generated funds	17,370	36,316	34,627	54,118	44,526	44,526	-	18,680	-	-
Total sources of capital funds	53,656	76,489	79,800	163,336	142,465	142,465	-	131,776	-	-

The main source of funding of the 2016/17 Capital budget of R113 million is transfers recognized capital from National and provincial departments, followed by internally generated funds from reserves of R18.6 million. Capital projects are group per cluster, municipal wide and departmental. Hibiscus Coast has 7 clusters and total capital amounts to R131.7 million.

PART 2 MAIN BUDGET TABLES

8. Annual Budget Tables

The following are the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. **Table 13 MBRR Table A1 - Budget Summary**

KZN216 Hibiscus Coast - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	264,332	278,498	290,968	329,285	320,439	320,439	-	342,776	-	-
Service charges	121,992	127,016	136,039	171,352	169,566	169,566	-	183,536	-	-
Investment revenue	6,718	5,504	3,783	5,525	4,600	4,600	-	4,922	-	-
Transfers recognised - operational	126,454	169,191	135,290	129,064	142,384	142,384	-	149,392	-	-
Other own revenue	42,866	78,589	80,149	119,634	43,265	43,265	-	104,425	-	-
Total Revenue (excluding capital transfers and contributions)	562,362	658,798	646,229	754,860	680,253	680,253	-	785,051	-	-
Employee costs	249,130	279,814	289,557	316,931	312,616	312,616	-	311,303	-	-
Remuneration of councillors	16,417	17,837	19,371	17,708	19,664	19,664	-	21,573	-	-
Depreciation & asset impairment	58,909	55,606	72,644	55,526	69,968	69,968	-	58,500	-	-
Finance charges	6,517	5,910	5,262	6,998	5,398	5,398	-	5,522	-	-
Materials and bulk purchases	101,247	104,271	126,127	133,645	129,148	129,148	-	136,879	-	-
Transfers and grants	8,529	5,777	5,868	66,100	5,937	5,937	-	4,428	-	-
Other expenditure	165,808	179,178	210,033	157,951	187,813	187,813	-	246,847	-	-
Total Expenditure	606,557	648,393	728,863	754,860	730,543	730,543	-	785,050	-	-
Surplus/(Deficit)	(44,195)	10,404	(82,634)	(0)	(50,290)	(50,290)	-	1	-	-
Transfers recognised - capital	-	-	45,174	-	97,940	97,940	-	108,436	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(44,195)	10,404	(37,460)	(0)	47,650	47,650	-	108,436	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(44,195)	10,404	(37,460)	(0)	47,650	47,650	-	108,436	-	-
Capital expenditure & funds sources										
Capital expenditure	53,656	76,216	79,800	163,336	142,465	142,465	-	131,776	-	-
Transfers recognised - capital	31,766	40,173	45,174	109,218	97,939	97,939	-	113,096	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	4,521	-	-	-	-	-	-	-	-	-
Internally generated funds	17,370	36,316	34,627	54,118	44,526	44,526	-	18,680	-	-
Total sources of capital funds	53,656	76,489	79,800	163,336	142,465	142,465	-	131,776	-	-
Financial position										
Total current assets	311,534	338,611	298,417	288,301	257,112	257,112	-	343,799	-	-
Total non current assets	1,226,474	1,229,811	1,239,085	878,780	1,312,207	1,312,207	-	1,382,280	-	-
Total current liabilities	148,973	181,354	223,130	150,932	156,325	156,325	-	166,517	-	-
Total non current liabilities	106,765	113,893	114,909	84,661	114,694	114,694	-	114,406	-	-
Community wealth/Equity	1,282,270	1,273,175	1,199,463	931,489	1,298,300	1,298,300	-	1,445,156	-	-
Cash flows										
Net cash from (used) operating	32,099	83,434	29,081	142,303	100,988	100,988	-	144,677	-	-
Net cash from (used) investing	(52,729)	(77,461)	(82,254)	(161,836)	(127,695)	(127,695)	-	(131,776)	-	-
Net cash from (used) financing	(6,452)	(5,381)	(5,714)	(6,032)	(6,032)	(6,032)	-	(5,144)	-	-
Cash/cash equivalents at the year end	150,124	150,715	91,829	177,730	59,090	59,090	-	66,847	66,847	66,847
Cash backing/surplus reconciliation										
Cash and investments available	150,124	150,715	91,829	171,519	68,015	68,015	-	66,847	-	-
Application of cash and investments	(44,129)	(54,712)	(2,669)	(1,267)	(53,276)	(53,276)	-	(122,844)	-	-
Balance - surplus (shortfall)	194,253	205,428	94,497	172,786	121,291	121,291	-	189,691	-	-
Asset management										
Asset register summary (WDV)	1,216,099	1,221,049	236,403	1,337,641	1,280,840	1,280,840	1,374,243	1,374,243	-	-
Depreciation & asset impairment	58,909	55,606	72,644	55,526	69,968	69,968	58,500	58,500	-	-
Renewal of Existing Assets	25,143	33,242	-	17,952	23,640	23,640	23,640	21,100	-	-
Repairs and Maintenance	37,265	36,609	54,308	42,588	51,726	51,726	50,167	50,167	-	-
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	31,807	31,807	31,807	-	-	43,594	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (financial performance, capital expenditure and funding sources, financial position, cash flow, MFMA funding compliance and asset management).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN216 Hibiscus Coast - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		401,224	508,233	543,809	530,448	464,507	464,507	550,739	-	-
Executive and council		114,159	175,461	187,743	128,752	128,752	128,752	125,965	-	-
Budget and treasury office		282,865	328,387	351,374	389,630	326,916	326,916	406,058	-	-
Corporate services		4,200	4,385	4,692	12,067	8,839	8,839	18,716	-	-
<i>Community and public safety</i>		19,328	18,714	20,024	15,033	56,490	56,490	63,114	-	-
Community and social services		9,699	9,440	10,101	9,160	8,986	8,986	9,461	-	-
Sport and recreation		-	-	-	98	486	486	146	-	-
Public safety		5,984	5,543	5,931	4,326	4,326	4,326	1,214	-	-
Housing		-	155	166	1,450	42,693	42,693	52,293	-	-
Health		3,645	3,576	3,826	-	-	-	-	-	-
<i>Economic and environmental services</i>		16,366	13,612	12,808	29,883	79,351	79,351	89,325	-	-
Planning and development		4,619	2,626	1,053	17,747	17,747	17,747	29,596	-	-
Road transport		11,746	10,986	11,755	12,137	61,604	61,604	59,729	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		121,081	114,875	111,161	171,352	170,871	170,871	185,301	-	-
Electricity		84,535	81,558	75,512	114,270	114,189	114,189	124,401	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		36,546	33,317	35,649	57,082	56,682	56,682	60,900	-	-
<i>Other</i>	4	4,355	3,364	3,599	8,143	6,973	6,973	5,008	-	-
Total Revenue - Standard	2	562,354	658,798	691,403	754,860	778,193	778,193	893,487	-	-
Expenditure - Standard										
<i>Governance and administration</i>		258,168	271,651	291,156	271,848	253,737	253,737	269,919	-	-
Executive and council		191,242	192,710	206,200	131,139	130,379	130,379	134,198	-	-
Budget and treasury office		38,925	48,925	52,839	93,027	85,537	85,537	97,126	-	-
Corporate services		28,001	30,016	32,117	47,682	37,821	37,821	38,595	-	-
<i>Community and public safety</i>		107,383	124,076	167,352	226,909	228,742	228,742	229,511	-	-
Community and social services		35,862	35,872	89,825	118,520	133,975	133,975	128,111	-	-
Sport and recreation		-	-	-	22,519	1,048	1,048	1,121	-	-
Public safety		51,296	53,396	57,134	78,915	75,710	75,710	81,010	-	-
Housing		5,477	19,060	20,394	6,955	18,009	18,009	19,270	-	-
Health		14,748	15,748	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		78,392	86,992	93,081	110,018	108,970	108,970	134,384	-	-
Planning and development		18,458	21,458	22,960	40,029	40,029	40,029	70,233	-	-
Road transport		59,934	65,534	70,121	69,989	68,941	68,941	64,151	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		158,780	161,780	173,105	135,161	131,560	131,560	144,357	-	-
Electricity		67,026	67,026	71,718	93,836	92,691	92,691	103,483	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		91,754	94,754	101,387	41,325	38,869	38,869	40,874	-	-
<i>Other</i>	4	3,826	3,896	4,169	10,924	7,534	7,534	6,880	-	-
Total Expenditure - Standard	3	606,549	648,395	728,863	754,860	730,543	730,543	785,050	-	-
Surplus/(Deficit) for the year		(44,195)	10,404	(37,460)	(0)	47,650	47,650	108,436	-	-

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification

divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

- Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that both Electricity function and Waste management function are able to finance its services. As both service charges are reflecting a surplus.
- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues, other revenue sources and transfers recognized operational from both National and provincial departments.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

KZN216 Hibiscus Coast - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - [TREASURY]		282,865	258,389	304,914	383,815	361,053	361,053	406,058	-	-
Vote 2 - [CORPORATE SERVICES]		4,200	26,884	28,262	8,933	8,839	8,839	3,866	-	-
Vote 3 - [STRATEGIC PLANNING & GOVERNANCE]		114,159	197,960	129,803	128,752	128,752	128,752	125,965	-	-
Vote 4 - [HUMAN SETTLEMENT & INFRASTRUCTURE]		84,535	91,713	169,363	121,365	167,908	167,908	248,828	-	-
Vote 5 - [PLANNING & ECONOMIC DEVELOPMENT]		4,619	17,626	19,234	17,747	24,720	24,720	12,659	-	-
Vote 6 - [COMMUNITY & SOCIAL SERVICES]		71,976	66,226	39,827	94,249	86,921	86,921	96,111	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	562,354	658,798	691,403	754,860	778,194	778,194	893,487	-	-
Expenditure by Vote to be appropriated	1									
Vote 1 - [TREASURY]		43,343	60,842	65,100	80,169	85,537	85,537	97,126	-	-
Vote 2 - [CORPORATE SERVICES]		34,334	51,833	55,462	41,387	37,821	37,821	41,932	-	-
Vote 3 - [STRATEGIC PLANNING & GOVERNANCE]		191,242	172,619	184,702	130,244	130,379	130,379	131,772	-	-
Vote 4 - [HUMAN SETTLEMENT & INFRASTRUCTURE]		139,758	115,489	158,653	169,544	171,231	171,231	191,076	-	-
Vote 5 - [PLANNING & ECONOMIC DEVELOPMENT]		20,857	18,460	19,752	40,029	46,865	46,865	36,561	-	-
Vote 6 - [COMMUNITY & SOCIAL SERVICES]		177,016	229,152	245,193	293,488	258,710	258,710	286,583	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	606,549	648,395	728,863	754,860	730,543	730,543	785,050	-	-
Surplus/(Deficit) for the year	2	(44,195)	10,404	(37,460)	(0)	47,651	47,651	108,436	-	-

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN216 Hibiscus Coast - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	263,953	278,498	290,833	329,285	320,285	320,285	-	342,776	-	-
Property rates - penalties & collection charges		379		135		153	153				
Service charges - electricity revenue	2	88,494	90,729	97,046	114,270	112,884	112,884	-	122,889	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	33,497	36,286	38,993	57,082	56,682	56,682	-	60,648	-	-
Service charges - other											
Rental of facilities and equipment		1,778	2,309	2,673	3,995	2,598	2,598		3,373		
Interest earned - external investments		6,718	5,504	3,783	5,525	4,600	4,600		4,922		
Interest earned - outstanding debtors		8,986	9,382	7,671	10,761	9,200	9,200		10,235		
Dividends received						-	-				
Fines		3,662	38,009	29,873	6,396	8,400	8,400		10,494		
Licences and permits		5,965	5,511	4,897	11,684	11,294	11,294		13,068		
Agency services		3,920	4,321	4,341	32	46	46		34		
Transfers recognised - operational		126,454	169,191	135,290	129,064	142,384	142,384		149,392		
Other revenue	2	18,555	17,793	30,695	86,766	11,727	11,727	-	67,221	-	-
Gains on disposal of PPE			1,264								
Total Revenue (excluding capital transfers and contributions)		562,362	658,798	646,229	754,860	680,253	680,253	-	785,051	-	-
Expenditure By Type											
Employee related costs	2	249,130	279,814	289,557	316,931	312,616	312,616	-	311,303	-	-
Remuneration of councillors		16,417	17,837	19,371	17,708	19,664	19,664		21,573		
Debt impairment	3	669	1,926	3,358	-	3,593	3,593		500		
Depreciation & asset impairment	2	58,909	55,606	72,644	55,526	69,968	69,968	-	58,500	-	-
Finance charges		6,517	5,910	5,262	6,998	5,398	5,398		5,522		
Bulk purchases	2	63,982	67,662	71,819	77,422	77,422	77,422	-	86,712	-	-
Other materials	8	37,265	36,609	54,308	56,224	51,726	51,726		50,167		
Contracted services		24,982	27,421	28,640	34,692	33,330	33,330	-	36,937	-	-
Transfers and grants		8,529	5,777	5,868	66,100	5,937	5,937	-	4,428	-	-
Other expenditure	4, 5	139,735	149,831	177,323	123,259	150,890	150,890	-	209,410	-	-
Loss on disposal of PPE		422	-	713							
Total Expenditure		606,557	648,393	728,863	754,860	730,543	730,543	-	785,050	-	-
Surplus/(Deficit)		(44,195)	10,404	(82,634)	(0)	(50,290)	(50,290)	-	1	-	-
Transfers recognised - capital				45,174		97,940	97,940		108,436		
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(44,195)	10,404	(37,460)	(0)	47,650	47,650	-	108,436	-	-
Taxation											
Surplus/(Deficit) after taxation		(44,195)	10,404	(37,460)	(0)	47,650	47,650	-	108,436	-	-
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(44,195)	10,404	(37,460)	(0)	47,650	47,650	-	108,436	-	-
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(44,195)	10,404	(37,460)	(0)	47,650	47,650	-	108,436	-	-

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Total operating revenue is R785 million and total capital revenue is R131.7 million in 2015/16
- Total revenue for 2016/17 financial year is R 893.4 million.

4. Revenue to be generated from property rates is R342.7 million in the 2016/17 financial year therefore remains a main funding source for the municipality.
5. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government amounts to R 149 million. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The municipality is not grant dependent since major part of revenue is own funding however we still has to ensure that we collect every single cent that is due to us.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN216 Hibiscus Coast - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - [TREASURY]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [CORPORATE SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [STRATEGIC PLANNING & GOVERNANCE]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [HUMAN SETTLEMENT & INFRASTRUCTURE]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [PLANNING & ECONOMIC DEVELOPMENT]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [COMMUNITY & SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - [TREASURY]		-	-	-	92,420	95	95	-	150	-	-
Vote 2 - [CORPORATE SERVICES]		-	-	-	1,080	686	686	-	741	-	-
Vote 3 - [STRATEGIC PLANNING & GOVERNANCE]		-	-	-	56,867	139,847	139,847	-	127,707	-	-
Vote 4 - [HUMAN SETTLEMENT & INFRASTRUCTURE]		-	-	-	4,893	398	398	-	-	-	-
Vote 5 - [PLANNING & ECONOMIC DEVELOPMENT]		-	-	-	4,893	234	234	-	600	-	-
Vote 6 - [COMMUNITY & SOCIAL SERVICES]		-	-	-	3,185	1,206	1,206	-	2,578	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	163,336	142,465	142,465	-	131,776	-	-
Total Capital Expenditure - Vote		-	-	-	163,336	142,465	142,465	-	131,776	-	-

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source (Continued)

Capital Expenditure - Standard										
Governance and administration		50,935	54,501	58,316	71,942	26,804	26,804	-	18,921	-
Executive and council		50,657	54,203	57,997	70,744	26,023	26,023		18,030	
Budget and treasury office		256	274	293	97	95	95		150	
Corporate services		23	24	26	1,101	686	686		741	
Community and public safety		1,324	20,220	19,885	59,458	68,787	68,787	-	75,843	-
Community and social services		401	429	459	973	8,065	8,065		11,741	
Sport and recreation		110	118	126	3,500	11,688	11,688		8,606	
Public safety		557	596	638	2,630	2,630	2,630		2,814	
Housing		255	19,076	18,661	52,354	46,404	46,404		52,681	
Health		-	-	-	-	-	-		-	
Economic and environmental services		120	128	137	3,611	36,560	36,560	-	32,983	-
Planning and development		109	117	125	676	234	234		600	
Road transport		11	12	13	2,935	36,326	36,326		32,383	
Environmental protection		-	-	-	-	-	-		-	
Trading services		1,277	1,366	1,462	27,952	10,314	10,314	-	4,030	-
Electricity		297	317	340	17,433	4,300	4,300		4,030	
Water		-	-	-	-	-	-		-	
Waste water management		-	-	-	-	-	-		-	
Waste management		981	1,049	1,123	10,520	6,014	6,014		-	
Other		-	-	-	374	-	-		-	
Total Capital Expenditure - Standard	3	53,656	76,216	79,800	163,336	142,465	142,465	-	131,776	-
Funded by:										
National Government		31,766	40,173	45,174	54,940	50,122	50,122		44,415	
Provincial Government		-	-	-	54,279	47,818	47,818		68,681	
District Municipality		-	-	-	-	-	-		-	
Other transfers and grants		-	-	-	-	-	-		-	
Transfers recognised - capital	4	31,766	40,173	45,174	109,218	97,939	97,939	-	113,096	-
Public contributions & donations	5	-	-	-	-	-	-		-	
Borrowing	6	4,521	-	-	-	-	-		-	
Internally generated funds		17,370	36,316	34,627	54,118	44,526	44,526		18,680	
Total Capital Funding	7	53,656	76,489	79,800	163,336	142,465	142,465	-	131,776	-

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
- Single-year capital expenditure has been appropriated at R131.7 million for the 2016/17 financial year.
- Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
- The capital programme is funded from capital and provincial grants and transfers and internally generated funds

Table 15 MBRR Table A6 - Budgeted Financial Position

KZN216 Hibiscus Coast - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		8,579	9,588	13,671	9,095	17,789	17,789		10,027		
Call investment deposits	1	141,545	141,127	78,158	162,424	50,226	50,226	-	56,820	-	
Consumer debtors	1	151,703	175,803	123,825	106,677	180,225	180,225	-	266,667	-	-
Other debtors		6,013	7,684	79,322	5,659	5,659	5,659		6,055		
Current portion of long-term receivables		949	1,272	898	1,862	629	629		1,964		
Inventory	2	2,746	3,138	2,543	2,584	2,584	2,584		2,265		
Total current assets		311,534	338,611	298,417	288,301	257,112	257,112	-	343,799	-	-
Non current assets											
Long-term receivables		10,375	8,762	8,237	13,645	9,237	9,237		8,037		
Investments					-	-	-		-		
Investment property		273,476	246,031	236,001	294,467	238,001	238,001		235,621		
Investment in Associate						-	-				
Property, plant and equipment	3	940,705	972,820	992,790	570,069	1,064,705	1,064,705	-	1,137,981	-	-
Agricultural						-	-				
Biological						-	-				
Intangible		786	541	403	599	265	265		641		
Other non-current assets		1,132	1,657	1,655	-	-			-		
Total non current assets		1,226,474	1,229,811	1,239,085	878,780	1,312,207	1,312,207	-	1,382,280	-	-
TOTAL ASSETS		1,538,008	1,568,422	1,537,502	1,167,081	1,569,319	1,569,319	-	1,726,079	-	-
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-								
Borrowing	4	5,318	6,374	6,740	9,480	7,291	7,291	-	7,728	-	-
Consumer deposits		18,037	19,329	20,274	17,354	21,120	21,120		21,920		
Trade and other payables	4	98,745	124,647	161,498	93,625	93,625	93,625	-	100,179	-	-
Provisions		26,874	31,005	34,618	30,473	34,290	34,290		36,690		
Total current liabilities		148,973	181,354	223,130	150,932	156,325	156,325	-	166,517	-	-
Non current liabilities											
Borrowing		47,646	40,710	34,655	66,422	27,777	27,777	-	20,486	-	-
Provisions		59,119	73,183	80,254	18,238	86,917	86,917	-	93,920	-	-
Total non current liabilities		106,765	113,893	114,909	84,661	114,694	114,694	-	114,406	-	-
TOTAL LIABILITIES		255,738	295,248	338,039	235,593	271,020	271,020	-	280,923	-	-
NET ASSETS	5	1,282,270	1,273,175	1,199,463	931,489	1,298,300	1,298,300	-	1,445,156	-	-
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		395,427	394,498	359,881	506,540	667,164	667,164		766,371		
Reserves	4	886,843	878,676	839,582	424,948	631,135	631,135	-	678,785	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	1,282,270	1,273,175	1,199,463	931,489	1,298,300	1,298,300	-	1,445,156	-	-

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Call investments deposits;
- Consumer debtors;
- Property, plant and equipment;

- Trade and other payables;
- Provisions non -current;
- Changes in net assets; and
- Reserves

The statement of financial position shows that the municipality is financially health as assets exceeds liabilities.

Table 16 MBRR Table A7 - Budgeted Cash Flow Statement

KZN216 Hibiscus Coast - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		364,804	278,659	287,748	289,374	304,417	304,417		325,637	-	-
Service charges			171,807	106,123	142,713	161,088	161,088		174,359	-	-
Other revenue					35,118	29,693	29,693		83,458	-	-
Government - operating	1	95,667	169,207	123,931	154,527	142,384	142,384		149,392	-	-
Government - capital	1	30,787		47,892	50,122	97,940	97,940		108,436	-	-
Interest		15,704	14,885	11,454	15,012	7,360	7,360		8,504	-	-
Dividends				-	-	-	-		-	-	-
Payments											
Suppliers and employees		(464,746)	(540,714)	(536,937)	(533,529)	(630,558)	(630,558)		(695,160)	-	-
Finance charges		(6,517)	(5,910)	(5,262)	(6,998)	(5,398)	(5,398)		(5,522)	-	-
Transfers and Grants	1	(3,600)	(4,500)	(5,868)	(4,036)	(5,937)	(5,937)		(4,428)	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		32,099	83,434	29,081	142,303	100,988	100,988	-	144,677	-	-
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				1,652	-				-	-	-
Decrease (Increase) in non-current debtors				-	1,500				-	-	-
Decrease (increase) other non-current receivables				-					-	-	-
Decrease (increase) in non-current investments		976	1,360	(4,105)	-				-	-	-
Payments											
Capital assets		(53,705)	(78,821)	(79,800)	(163,336)	(127,695)	(127,695)		(131,776)	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(52,729)	(77,461)	(82,254)	(161,836)	(127,695)	(127,695)	-	(131,776)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-		-				-	-	-
Borrowing long term/refinancing		1,277	498		-				-	-	-
Increase (decrease) in consumer deposits		-			846	846	846		800	-	-
Payments											
Repayment of borrowing		(7,729)	(5,879)	(5,714)	(6,878)	(6,878)	(6,878)		(5,944)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(6,452)	(5,381)	(5,714)	(6,032)	(6,032)	(6,032)	-	(5,144)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(27,082)	591	(58,887)	(25,565)	(32,739)	(32,739)	-	7,757	-	-
Cash/cash equivalents at the year begin:	2	177,206	150,124	150,715	203,295	91,829	91,829		59,090	66,847	66,847
Cash/cash equivalents at the year end:	2	150,124	150,715	91,829	177,730	59,090	59,090	-	66,847	66,847	66,847

Table 17 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN216 Hibiscus Coast - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	150,124	150,715	91,829	177,730	59,090	59,090	-	66,847	66,847	66,847
Other current investments > 90 days		0	0	-	(6,211)	8,926	8,926	-	-	(66,847)	(66,847)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		150,124	150,715	91,829	171,519	68,015	68,015	-	66,847	-	-
Application of cash and investments											
Unspent conditional transfers		1,620	8,089	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(45,749)	(62,802)	(2,669)	(1,267)	(87,566)	(87,566)	-	(159,534)	-	-
Other provisions						34,290	34,290		36,690		
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(44,129)	(54,712)	(2,669)	(1,267)	(53,276)	(53,276)	-	(122,844)	-	-
Surplus(shortfall)		194,253	205,428	94,497	172,786	121,291	121,291	-	189,691	-	-

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

6. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
7. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
8. It can be seen that the cash levels of the Municipality are not stabilized over the MTREF and prior years.
9. It can be seen that in 2017/18 the cash flow start to turn around and improves again.
10. The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
11. Cash flow reflect a positive balance of R66.8 million after defraying all the expenditure for the financial year.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

12. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

13. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
14. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
15. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
16. From the table it can be seen that for the municipality is operating at a surplus.
17. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF was funded as it reflect a positive balance of R189million in funding measurement.
18. This reflects that the budget will be able to pay it expenditure for the current year and also be able to pay it obligations. It is assumed that all grants will be spend 100% and if not it is cash backed since our budget reflect a positive after all the current years expenditure paid and it liabilities.
19. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 18 MBRR Table B9 - Asset Management

KZN216 Hibiscus Coast - Table A9 Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	53,100	76,489	79,800	145,385	117,569	117,569	110,676	-	-
Infrastructure - Road transport		34,515	39,526	43,174	33,018	30,727	30,727	32,878	-	-
Infrastructure - Electricity		4,373	5,153	-	7,711	8,490	8,490	9,084	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		4,502	2,101	-	4,700	-	-	-	-	-
Infrastructure		43,390	46,780	43,174	45,430	39,217	39,217	41,962	-	-
Community		6,626	19,667	28,617	31,993	22,754	22,754	20,347	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	3,084	8,441	8,010	67,532	55,368	55,368	48,367	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	1,602	-	430	230	230	-	-	-
<u>Total Renewal of Existing Assets</u>	2	25,143	33,242	-	17,952	23,640	23,640	21,100	-	-
Infrastructure - Road transport		25,143	33,242	-	16,052	14,300	14,300	20,700	-	-
Infrastructure - Electricity		-	-	-	-	1,677	1,677	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	6,014	6,014	-	-	-
Infrastructure		25,143	33,242	-	16,052	21,990	21,990	20,700	-	-
Community		-	-	-	1,900	1,650	1,650	400	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	59,658	72,768	43,174	49,070	45,027	45,027	53,578	-	-
Infrastructure - Road transport		4,373	5,153	-	7,711	10,167	10,167	9,084	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		4,502	2,101	-	4,700	6,014	6,014	-	-	-
Infrastructure		68,533	80,021	43,174	61,481	61,207	61,207	62,662	-	-
Community		6,626	19,667	28,617	33,893	24,404	24,404	20,747	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	3,084	8,441	8,010	67,532	55,368	55,368	48,367	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	1,602	-	430	230	230	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	78,243	109,730	79,800	163,336	141,210	141,210	131,776	-	-
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	726,355	754,884	-	807,726	807,726	807,726	852,351	-	-
Infrastructure - Electricity		-	-	-	-	-	-	9,084	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		4,502	2,101	-	4,700	6,014	6,014	-	-	-
Infrastructure		726,355	754,884	-	807,726	807,726	807,726	861,435	-	-
Community		92,402	112,500	-	120,375	120,375	120,375	135,693	-	-
Heritage assets		1,132	1,657	-	1,657	1,657	1,657	1,657	-	-
Investment properties		273,476	246,031	236,001	294,467	238,001	238,001	235,621	-	-
Other assets		121,949	105,436	-	112,817	112,817	112,817	139,195	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		786	541	403	599	265	265	641	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1,216,099	1,221,049	236,403	1,337,641	1,280,840	1,280,840	1,374,243	-	-
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>	3	58,909	55,606	72,644	55,526	69,968	69,968	58,500	-	-
<u>Repairs and Maintenance by Asset Class</u>		37,265	36,609	54,308	42,588	51,726	51,726	50,167	-	-
Infrastructure - Road transport		20,272	19,915	21,309	25,183	16,935	16,935	15,000	-	-
Infrastructure - Electricity		2,310	2,270	2,429	2,201	1,471	1,471	1,175	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		22,583	22,185	23,738	27,384	18,406	18,406	16,175	-	-
Community		1,677	1,647	1,763	1,125	1,288	1,288	755	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	13,006	12,777	28,808	14,079	32,032	32,032	33,237	-	-
TOTAL EXPENDITURE OTHER ITEMS		96,174	92,215	126,953	98,115	121,693	121,693	108,667	-	-
Renewal of Existing Assets as % of total capex		32.1%	30.3%	0.0%	11.0%	16.7%	16.7%	16.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		42.7%	59.8%	0.0%	32.3%	33.8%	33.8%	36.1%	0.0%	0.0%
R&M as a % of PPE		4.0%	3.8%	5.5%	7.5%	4.9%	4.9%	4.4%	0.0%	0.0%
Renewal and R&M as a % of PPE		5.0%	6.0%	23.0%	5.0%	6.0%	6.0%	5.0%	0.0%	0.0%

Explanatory notes to Table A9 - Asset Management

20. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
21. National Treasury has recommended that municipalities should allocate at least 40 per cent of the capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. However due to the fact that there is a lack of infrastructure in the municipality major part of funds are injected to new capital projects, it does not meet this recommendation and funds are directed to new and renewal of capital asset and 4.4% to repairs and maintenance.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

KZN216 Hibiscus Coast - Table B10 Basic service delivery measurement -

Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling		25059							-	25	26312	27628
Piped water inside yard (but not in dwelling)									-	-		
Using public tap (at least min.service level)									-	-		
Other water supply (at least min.service level)		36816							-	37	34	33
Minimum Service Level and Above sub-total		62	-	-	-	-	-	-	-	62	61	60
Using public tap (< min.service level)									-	-		
Other water supply (< min.service level)		16							-	0	16	16
No water supply		10283							-	10	9255	8329
Below Minimum Service Level sub-total		10	-	-	-	-	-	-	-	10	9	8
Total number of households	5	72	-	-	-	-	-	-	-	72	70	69
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		21397							-	21,397	21900	22300
Flush toilet (with septic tank)		8562							-	8,562	8754	8900
Chemical toilet		5330							-	5,330	4900	4669
Pit toilet (ventilated)		20247							-	20,247	20500	20800
Other toilet provisions (> min.service level)		4629							-	4,629	4100	3850
Minimum Service Level and Above sub-total		60,165	-	-	-	-	-	-	-	60,165	60,154	60,519
Bucket toilet									-	-		
Other toilet provisions (< min.service level)									-	-		
No toilet provisions									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	60,165	-	-	-	-	-	-	-	60,165	60,154	60,519
Energy:												
Electricity (at least min. service level)		61801							-	61,801	-	-
Electricity - prepaid (> min.service level)									-	-	62800	63900
Minimum Service Level and Above sub-total		61,801	-	-	-	-	-	-	-	61,801	-	-
Electricity (< min.service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources		9680							-	9,680	8680	7480
Below Minimum Service Level sub-total		9,680	-	-	-	-	-	-	-	9,680	71,480	71,380
Total number of households	5	71,481	-	-	-	-	-	-	-	71,481	71,480	71,380
Refuse:												
Removed at least once a week (min.service)		27876							-	27,876	31221	34968
Minimum Service Level and Above sub-total		27,876	-	-	-	-	-	-	-	27,876	31,221	34,968
Removed less frequently than once a week		1075							-	1,075	1129	1185
Using communal refuse dump		1211							-	1,211	1272	1335
Using own refuse dump		39086							-	39,086	35177	31659
Other rubbish disposal		534							-	534	0	0
No rubbish disposal		2392							-	2,392	0	0
Below Minimum Service Level sub-total		44,298	-	-	-	-	-	-	-	44,298	37,578	34,179
Total number of households	5	72,174	-	-	-	-	-	-	-	72,174	68,799	69,147

Explanatory notes to Table A10 - Basic Service Delivery Measurement

22. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

23. The municipality does not provide services such as water, sanitation, energy and refuse removal.
24. Water and sanitation is provided by Ugu District municipality, energy is supplied both by municipality and Eskom.
25. Refuse removal is done in urban area the rural part of the municipality uses it own dump site.

Assumptions used in preparation of the budget over the MTREF

Collection and expenditure rates

Property rates	95%
Penalties and Collection Charges	95%
Electricity	95%
Refuse Removal	95%
Rental of facilities	90%
Interest earned in investment	100%
Interest earned on outstanding debts	35%
Fines	65%
Licenses and Permits	100%
Agency Fees	100%
Transfers and Grants – operational	100%
Transfers and Grants – Capital	100%
Other revenue	90%
Expenditure	
Employee related cost	100%
Remuneration of councilors	100%
Debt impairment	100%
Depreciation and asset impairment	100%
Bulk Purchases	100%
Finance Charges	100%
Contracted services	100%
Transfers and Grants	100%
Other Expenditure	90%

Capital performance =100%

Year end accruals =10% of total operating budget

=15% of capital budget

Provisions =10%

Supporting Documentation

Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

26. that the process followed to compile the budget complies with legislation and good budget practices;
27. that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
28. that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
29. that the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were:

30. **July 2015** – Prepare joint process plan for IDP, PMS and Budget and advertise draft IDFP review;
31. **August 2015**–Submit process plan to IDP forum, portfolio committees and council. Liaise with national and provincial governments for planning and budgeting process;
32. **September 2015**– Assessment of objectives, strategies and projects against cross cutting issues. Assessment of alignment of IDP strategies & projects for medium term in relation to NSDP and PGDF. Determine funding availability & requirements per sector plan and where relevant prepare business plan/ terms of reference and roll out accordingly;
33. **October 2015** – Review and confirm objectives, strategies and projects at IDPRF workshop. Review capital, institutional, operational, maintenance projects. Estimate available resources and provide guidance for way forward for budgeting;
34. **November 2015**–Submit revised projects to Treasury. Submit first Draft IDP to IDP steering committee and council for in principle approval
35. **December 2015** – Submit budget instructions and 2016/17 budget framework to all relevant persons. Submit draft IDP to COGTA for assessment. Preparation of summary of available funds (internal and external);

36. **January 2016** - Council considers the 2015/2016 Mid-year Review and Adjustments Budget;
37. **February 2016**– Assess financial feasibility of proposed new projects based on existing and potential funds. Consideration of draft budget;
38. **March 2016** - Tabling in Council of the draft 2016/17 IDP and 2016/17 Draft MTREF for public consultation;
39. **April 2016**– Public consultation;
40. **May 2016**–Finalisation of the 2016/17 IDP and 2016/17 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and tabling of the 2016/17 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

KZN216 Hibiscus Coast - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

NZTA to Ministry of Transport - Supporting Table 6A3: Supporting detail to Budgeted Financial Position											
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits < 90 days		141,545	141,127	78,158	162,424	50,226	50,226		56,820		
Other current investments > 90 days											
Total Call investment deposits	2	141,545	141,127	78,158	162,424	50,226	50,226	-	56,820	-	-
<u>Consumer debtors</u>											
Consumer debtors		176,023	200,993	123,825	106,677	210,038	210,038		236,354		
Less: Provision for debt impairment		(24,320)	(25,191)			(29,813)	(29,813)		30,313		
Total Consumer debtors	2	151,703	175,803	123,825	106,677	180,225	180,225	-	266,667	-	-
<u>Debt impairment provision</u>											
Balance at the beginning of the year			1,926			26,220	26,220		29,813		
Contributions to the provision			-			3,593	3,593		500		
Bad debts written off			-			-	-				
Balance at end of year		-	1,926	-	-	29,813	29,813	-	30,313	-	-
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		1,731,552	1,819,025	1,900,309	570,069	2,042,192	2,042,192		2,173,968		
Leases recognised as PPE						-	-				
Less: Accumulated depreciation		790,846	846,206	907,519	-	977,487	977,487		1,035,987		
Total Property, plant and equipment (PPE)	2	940,705	972,820	992,790	570,069	1,064,705	1,064,705	-	1,137,981	-	-
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)						-					
Current portion of long-term liabilities		5,318	6,374	6,740	9,480	7,291	7,291		7,728		
Total Current liabilities - Borrowing		5,318	6,374	6,740	9,480	7,291	7,291	-	7,728	-	-
<u>Trade and other payables</u>											
Trade and other creditors		97,125	116,557	161,498	93,625	93,625	93,625		100,179		
Unspent conditional transfers		1,620	8,089		-	-	-		-		
VAT			-		-	-	-		-		
Total Trade and other payables	2	98,745	124,647	161,498	93,625	93,625	93,625	-	100,179	-	-
<u>Non current liabilities - Borrowing</u>											
Borrowing	4	47,646	40,710	34,655	66,422	27,777	27,777		20,486		
Finance leases (including PPP asset element)			-			-					
Total Non current liabilities - Borrowing		47,646	40,710	34,655	66,422	27,777	27,777	-	20,486	-	-
<u>Provisions - non-current</u>											
Retirement benefits		50,441	58,878	80,254	18,238	74,049	74,049		79,233		
List other major provision items											
Refuse landfill site rehabilitation											
Long Service Awards benefit		8,678	14,305			12,868	12,868		14,687		
Total Provisions - non-current		59,119	73,183	80,254	18,238	86,917	86,917	-	93,920	-	-
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance											
GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		(44,195)	10,404	(37,460)	(0)	47,650	47,650	-	108,436	-	-
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	(44,195)	10,404	(37,460)	(0)	47,650	47,650	-	108,436	-	-
<u>Reserves</u>											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation		886,843	878,676	839,582	424,948	631,135	631,135		678,785		
Total Reserves	2	886,843	878,676	839,582	424,948	631,135	631,135	-	678,785	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	842,648	889,081	802,122	424,948	678,785	678,785	-	787,222	-	-

Explanatory notes to Table SA3

1. This table is a supporting table to table A6 and it has detailed information that is summarized in table A6.

Table SA8 performance indicators

KZN216 Hibiscus Coast - Supporting Table SA8 Performance indicators and benchmarks

2012/13 Medium Term Revenue & Expenditure Framework - Supporting Data and Performance Indicators and Benchmarks											
Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.3%	1.8%	1.5%	1.8%	1.7%	1.7%	0.0%	1.5%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.3%	2.4%	2.1%	2.2%	2.3%	2.3%	0.0%	1.8%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	-4.0%	-1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	5.4%	4.6%	4.1%	15.6%	4.4%	4.4%	0.0%	3.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.1	1.9	1.3	1.9	1.6	1.6	–	2.1	–	–
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.1	1.9	1.3	1.9	1.6	1.6	–	2.1	–	–
Liquidity Ratio	Monetary Assets/Current Liabilities	1.0	0.8	0.4	1.1	0.4	0.4	–	0.4	–	–
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		94.4%	111.1%	92.2%	86.6%	95.0%	95.0%	0.0%	95.0%	0.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		94.4%	111.1%	92.2%	86.3%	95.0%	95.0%	0.0%	95.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	30.1%	29.4%	32.8%	16.9%	28.8%	28.8%	0.0%	36.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%
Creditors to Cash and Investments		64.7%	77.3%	175.9%	52.7%	158.4%	158.4%	0.0%	149.9%	0.0%	0.0%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)	–	–	–	–	–	–	–	–	–	–
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	–	–	–	–	–	–	–	–	–	–
Employee costs	Employee costs/(Total Revenue - capital revenue)	44.3%	42.5%	44.8%	42.0%	46.0%	46.0%	0.0%	39.7%	0.0%	0.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	48.3%	39.7%	47.8%	44.3%	48.8%	48.8%		42.4%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	6.6%	5.6%	8.4%	5.6%	7.6%	7.6%		6.4%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.6%	9.3%	12.1%	8.3%	11.1%	11.1%	0.0%	8.2%	0.0%	0.0%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	21.0	28.5	23.3	44.0	44.0	44.0	–	–	–	–
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	40.9%	45.3%	47.5%	22.6%	37.9%	37.9%	0.0%	51.9%	0.0%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.2	3.8	2.2	3.6	1.3	1.3	–	1.4	–	–

Table SA9 funding measurements

KZN216 Hibiscus Coast Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	150,124	150,715	91,829	177,730	59,090	59,090	–	66,847	66,847	66,847
Cash + investments at the yr end less applications - R'000	18(1)b	2	194,253	205,428	94,497	172,786	121,291	121,291	–	189,691	–	–
Cash year end/monthly employee/supplier payments	18(1)b	3	4.2	3.8	2.2	3.6	1.3	1.3	–	1.4	–	–
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(44,195)	10,404	(37,460)	(0)	47,650	47,650	–	108,436	–	–
Service charge rev % change - macro CPIIX target exclusive	18(1)a,(2)	5	N.A.	(1.0%)	(0.7%)	11.2%	(8.1%)	(6.0%)	(106.0%)	1.4%	(106.0%)	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	85.0%	93.3%	77.7%	75.3%	92.9%	92.9%	0.0%	92.5%	0.0%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.2%	0.5%	0.8%	0.0%	0.7%	0.7%	0.0%	0.1%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	100.0%	89.6%	89.6%	0.0%	100.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	(4.0%)	(1.2%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	16.4%	10.4%	(44.0%)	63.3%	0.0%	(100.0%)	47.3%	(100.0%)	0.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(15.5%)	(6.0%)	65.6%	(32.3%)	0.0%	(100.0%)	(13.0%)	(100.0%)	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.0%	3.8%	5.5%	7.5%	4.9%	4.9%	0.0%	4.4%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	11.0%	16.6%	16.6%	0.0%	16.0%	0.0%	0.0%

Total Operating Revenue			562,362	658,798	646,229	754,860	680,253	680,253	–	785,051	–	–
Total Operating Expenditure			606,557	648,393	728,863	754,860	730,543	730,543	–	785,050	–	–
Operating Performance Surplus/(Deficit)			(44,195)	10,404	(82,634)	(0)	(50,290)	(50,290)	–	1	–	–
Cash and Cash Equivalents (30 June 2012)										66,847		
Revenue												
% Increase in Total Operating Revenue				17.1%	(1.9%)	16.8%	(9.9%)	0.0%	(100.0%)	15.4%	(100.0%)	0.0%
% Increase in Property Rates Revenue				5.5%	4.4%	13.2%	(2.7%)	0.0%	(100.0%)	7.0%	(100.0%)	0.0%
% Increase in Electricity Revenue				2.5%	7.0%	17.7%	(1.2%)	0.0%	(100.0%)	8.9%	(100.0%)	0.0%
% Increase in Property Rates & Services Charges				5.0%	5.3%	17.2%	(2.1%)	0.0%	(100.0%)	7.4%	(100.0%)	0.0%
Expenditure												
% Increase in Total Operating Expenditure				6.9%	12.4%	3.6%	(3.2%)	0.0%	(100.0%)	7.5%	(100.0%)	0.0%
% Increase in Employee Costs				12.3%	3.5%	9.5%	(1.4%)	0.0%	(100.0%)	(0.4%)	(100.0%)	0.0%
% Increase in Electricity Bulk Purchases				5.8%	6.1%	7.8%	0.0%	0.0%	(100.0%)	12.0%	(100.0%)	0.0%
Average Cost Per Budgeted Employee Position (Remuneration)					248974.5374	265881.6904				261159.9592		
Average Cost Per Councillor (Remuneration)					403561.9583	305316.7759				371946.3561		
R&M % of PPE			4.0%	3.8%	5.5%	7.5%	4.9%	4.9%		4.4%	0.0%	0.0%
Asset Renewal and R&M as a % of PPE			5.0%	6.0%	23.0%	5.0%	6.0%	6.0%		5.0%	0.0%	0.0%
Debt Impairment % of Total Billable Revenue			0.2%	0.5%	0.8%	0.0%	0.7%	0.7%	0.0%	0.1%	0.0%	0.0%
Capital Revenue												
Internally Funded & Other (R'000)			17,370	36,316	34,627	54,118	44,526	44,526	–	18,680	–	–
Borrowing (R'000)			4,521	–	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)			31,766	40,173	45,174	109,218	97,939	97,939	–	113,096	–	–
Internally Generated funds % of Non Grant Funding			79.3%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	0.0%	0.0%
Borrowing % of Non Grant Funding			20.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			59.2%	52.5%	56.6%	66.9%	68.7%	68.7%	0.0%	85.8%	0.0%	0.0%
Capital Expenditure												
Total Capital Programme (R'000)			53,656	76,216	79,800	163,336	142,465	142,465	–	131,776	–	–
Asset Renewal			25,143	33,242	–	17,952	23,640	23,640	23,640	21,100	–	–
Asset Renewal % of Total Capital Expenditure			46.9%	43.5%	0.0%	11.0%	16.6%	16.6%	0.0%	16.0%	0.0%	0.0%
Cash												
Cash Receipts % of Rate Payer & Other			85.0%	93.3%	77.7%	75.3%	92.9%	92.9%	0.0%	92.5%	0.0%	0.0%
Cash Coverage Ratio			0	0	0	0	0	0	–	0	–	–
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			2.3%	1.8%	1.5%	1.8%	1.7%	1.7%	0.0%	1.5%	0.0%	0.0%
Borrowing Receipts % of Capital Expenditure			(4.0%)	(1.2%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			194,253	205,428	94,497	172,786	121,291	121,291	–	189,691	–	–
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	0.0%	5.1%	5.9%	5.9%		0.0%	0.0%	0.0%
High Level Outcome of Funding Compliance												
Total Operating Revenue			562,362	658,798	646,229	754,860	680,253	680,253	–	785,051	–	–
Total Operating Expenditure			606,557	648,393	728,863	754,860	730,543	730,543	–	785,050	–	–
Surplus/(Deficit) Budgeted Operating Statement			(44,195)	10,404	(82,634)	(0)	(50,290)	(50,290)	–	1	–	–
Surplus/(Deficit) Considering Reserves and Cash Backing			194,253	205,428	94,497	172,786	121,291	121,291	–	189,691	–	–
MTREF Funded (1) / Unfunded (0)	15		1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded *	15		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Table SA18 Transfers and Grants Receipts

KZN216 Hibiscus Coast - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		61,565	67,245	109,161	139,352	132,495	132,495	140,540	-	-
Local Government Equitable Share		56,805	56,805	99,543	125,965	125,965	125,965	125,965		
Finance Management		1,450	1,550	1,600	1,600	1,600	1,600	1,624		
Municipal Systems Improvement		790	890	934	930	930	930	-		
Integrated National Electrification Programme		-	7,000	6,000	8,000	3,000	3,000	7,000		
EPWP Incentive		2,520	1,000	1,084	1,000	1,000	1,000	1,095		
Municipal Demarcation Transition Grant				-	1,857	-	-	4,857		
						-	-			
Provincial Government:		48,118	33,487	30,288	15,155	9,889	9,889	11,627	-	-
Housing		47,787	15,778		7,066	1,806	1,806	3,378		
Sport and Recreation			675	7,413	-	-	-			
KZN Art and Culture - Museums and Libraries			7,034	1,575	8,089	8,083	8,083	8,249		
KZN Transport - Intermodal Facility			10,000	10,000	-	-	-			
KZN COGTA Urban Renewal and Africa Bike Week		331	-	11,300	-	-	-			
District Municipality:		-	-	-	-	-	-	-	-	-
KZN Transport										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	109,683	100,732	139,449	154,507	142,384	142,384	152,167	-	-
Capital Transfers and Grants										
National Government:		25,379	40,173	47,892	50,122	50,122	50,122	46,754	-	-
Municipal Infrastructure Grant (MIG)		25,379	40,173	47,892	50,122	50,122	50,122	46,754		
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	47,818	47,818	61,681	-	-
Human Settlements & Transport Grants						47,818	47,818	61,681		
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	25,379	40,173	47,892	50,122	97,940	97,940	108,436	-	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS		135,062	140,905	187,341	204,629	240,324	240,324	260,603	-	-

Explanatory notes to Table SB 7 Grants and subsidies Receipts

1. This table reflects all expected grants receipts from national, provincial and other organization.
2. National treasury and provincial treasury grants are gazetted in DORA and provincial gazette.
3. Other grant funding are through the memorandum of agreement are housing grant and transport grant of 57.3 million and 9 million respectively. These grants are usually not gazetted in the bill or provincial gazette.

Table SA 19 Grants and subsidies Expenditure

KZN216 Hibiscus Coast - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		61,565	67,245	104,797	139,352	132,495	132,495	102,105	-	-
Local Government Equitable Share		56,805	56,805	99,543	125,965	125,965	125,965	87,530		
Finance Management		1,450	1,550	1,600	1,600	1,600	1,600	1,624		
Municipal Systems Improvement		790	890	934	930	930	930	-		
Integrated National Electrification Programme		-	7,000	1,636	8,000	3,000	3,000	7,000		
EPWP Incentive		2,520	1,000	1,084	1,000	1,000	1,000	1,095		
Municipal Demarcation Transition Grant				-	1,857	-	-	4,857		
0						-	-			
Provincial Government:		48,118	33,487	30,288	15,155	9,889	9,889	11,627	-	-
Housing		47,787	15,778	-	7,066	1,806	1,806	3,378		
Sport and Recreation			675	1,575	8,089	-	-			
KZN Art and Culture - Museums and Libraries			7,034	10,000		8,083	8,083	8,249		
KZN Transport - Intermodal Facility			10,000	11,300		-	-			
KZN COGTA Urban Renewal and Africa Bike Week		331	-	7,413		-	-			
District Municipality:		-	-	-	-	-	-	-	-	-
KZN Transport										
Other grant providers:		-	-	-	-	-	-	-	-	-
LG SETA										
Total operating expenditure of Transfers and Grants:		109,683	100,732	135,085	154,507	142,384	142,384	113,732	-	-
Capital expenditure of Transfers and Grants										
National Government:		25,379	40,173	45,174	50,122	50,122	50,122	46,754	-	-
Municipal Infrastructure Grant (MIG)		25,379	40,173	45,174	50,122	50,122	50,122	46,754		
		-	-	-	-	-	-			
		-	-	-	-	-	-			
		-	-	-	-	-	-			
Other capital transfers/grants [insert desc]		-	-	-	-	-	-			
Provincial Government:		11,769	-	-	-	47,818	47,818	61,681	-	-
Human Settlements & Transport Grants		11,769				47,818	47,818	61,681		
District Municipality:		-	-	-	-	-	-	-	-	-
0										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		37,148	40,173	45,174	50,122	97,940	97,940	108,436	-	-
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		146,831	140,905	180,258	204,629	240,324	240,324	222,168	-	-

Table SA22 Councilors and Staff Benefits

KZN216 Hibiscus Coast - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		10,280	14,708	19,371	16,565	18,787	18,787	19,914		
Pension and UIF Contributions						-	-			
Medical Aid Contributions						-	-			
Motor Vehicle Allowance						-	-			
Cellphone Allowance			765		809	876	876	1,210		
Housing Allowances						-	-			
Other benefits and allowances		6,137			335	-	-	448		
Sub Total - Councillors		16,417	15,473	19,371	17,708	19,664	19,664	21,573	-	-
% increase	4		(5.8%)	25.2%	(8.6%)	11.0%	-	9.7%	(100.0%)	-
Senior Managers of the Municipality	2									
Basic Salaries and Wages		5,985	5,985	2,694	6,592	6,592	6,592	7,641		
Pension and UIF Contributions				676						
Medical Aid Contributions										
Overtime										
Performance Bonus				610				637		
Motor Vehicle Allowance	3			1,571						
Cellphone Allowance	3									
Housing Allowances	3			1,571						
Other benefits and allowances	3							257		
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		5,985	5,985	7,122	6,592	6,592	6,592	8,535	-	-
% increase	4		-	19.0%	(7.4%)	-	-	29.5%	(100.0%)	-
Other Municipal Staff										
Basic Salaries and Wages		148,180	141,453	175,293	189,790	185,475	185,475	200,266		
Pension and UIF Contributions		28,543	24,124	21,449	38,657	38,657	38,657	38,724		
Medical Aid Contributions		9,806	8,001	21,449	17,695	17,695	17,695	17,208		
Overtime		14,354	13,456	13,339	11,571	11,571	11,571	8,535		
Performance Bonus		11,789	11,043	14,118	15,970	15,970	15,970	17,012		
Motor Vehicle Allowance	3	7,010	6,920	9,999	8,195	8,195	8,195	10,854		
Cellphone Allowance	3	1,679	-		1,778	1,778	1,778	1,741		
Housing Allowances	3	748	870	1,221	1,403	1,403	1,403	3,009		
Other benefits and allowances	3	21,987	29,247	14,332	25,282	25,282	25,282	5,419		
Payments in lieu of leave						-	-			
Long service awards						-	-			
Post-retirement benefit obligations	6	5,034	5,034	11,234		-	-			
Sub Total - Other Municipal Staff		249,130	240,148	282,436	310,340	306,025	306,025	302,768	-	-
% increase	4		(3.6%)	17.6%	9.9%	(1.4%)	-	(1.1%)	(100.0%)	-
Total Parent Municipality		271,532	261,606	308,928	334,639	332,280	332,280	332,876	-	-

Explanatory notes to Table SA22 Councilors and Staff Benefits

1. The remuneration of councilors and staff are as per the councilors upper limit approved by the MEC and staff as per SALGA respectively.

Table SA34a Capital expenditure on new assets

KZN216 Hibiscus Coast - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1										
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure	2	43,390	46,780	43,174	45,430	39,217	39,217	41,962	-	-	
Infrastructure - Road transport		34,515	39,526	43,174	33,018	30,727	30,727	32,878	-	-	
Roads, Pavements & Bridges		34,515	39,526	43,174	22,218	25,091	25,091	26,848			
Storm water					10,800	5,636	5,636	6,030			
Infrastructure - Electricity		4,373	5,153	-	7,711	8,490	8,490	9,084	-	-	
Generation											
Transmission & Reticulation		357	3,057		4,500	3,245	3,245	3,472			
Street Lighting		4,017	2,096		3,211	5,245	5,245	5,612			
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Reticulation											
Sewerage purification											
Infrastructure - Other		4,502	2,101	-	4,700	-	-	-	-	-	
Waste Management		2,356	1,060		3,500						
Transportation											
Gas											
Other		2,146	1,041		1,200						
Community		3	6,626	19,667	28,617	31,993	22,754	22,754	20,347	-	-
Parks & gardens		7		2,347		400	300	300	321		
Sportsfields & stadia			1,003	805		10,500	8,512	8,512	7,108		
Swimming pools							-	-	-		
Community halls			218	4,118		9,300	6,149	6,149	5,580		
Libraries			9,541			-	-	-			
Recreational facilities	4,298		619		2,100	1,100	1,100	1,177			
Fire, safety & emergency						-	-	-			
Security and policing						-	-	-			
Buses						-	-	-			
Clinics						-	-	-			
Museums & Art Galleries						-	-	-			
Cemeteries						-	-	-			
Social rental housing	8						-	-	-		
Other			1,107	2,235	28,617	9,693	6,693	6,693	6,162		
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings	9										
Other											
Investment properties		-	-	-	-	-	-	-	-	-	
Housing development											
Other											
Other assets	10	3,084	8,441	8,010	67,532	55,368	55,368	48,367	-	-	
General vehicles		315	4,623								
Specialised vehicles		-	-	-	1,200	1,200	1,200	-	-	-	
Plant & equipment		1,279	1,199		4,400	4,400	4,400	4,708			
Computers - hardware/equipment		462	2,538		2,208	700	700	749			
Furniture and other office equipment		861			3,494	1,000	1,000	1,070			
Abattoirs		-				-	-	-			
Markets		-			200	-	-	-			
Civic Land and Buildings		65	56		2,080	-	-	-			
Other Buildings				778	53,700	47,818	47,818	41,572			
Other Land		15				-	-	-			
Surplus Assets - (Investment or Inventory)						-	-	-			
Other		86	25	7,232	250	250	250	268			
Agricultural assets			-	-	-	-	-	-	-	-	
List sub-class											
Biological assets		-	-	-	-	-	-	-	-		
List sub-class											
Intangibles		-	1,602	-	430	230	230	-	-	-	
Computers - software & programming			1,602		430	230	230				
Other (list sub-class)											
Total Capital Expenditure on new assets	1	53,100	76,489	79,800	145,385	117,569	117,569	110,676	-	-	

Table SA34b Capital expenditure on renewal of existing assets

KZN216 Hibiscus Coast - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		25,143	33,242	–	16,052	21,990	21,990	20,700	–	–
Infrastructure - Road transport		25,143	33,242	–	16,052	14,300	14,300	20,700	–	–
Roads, Pavements & Bridges		25,143	33,242	–	15,552	14,300	14,300	20,700		
Storm water					500					
Infrastructure - Electricity		–	–	–	–	1,677	1,677	–	–	–
Generation										
Transmission & Reticulation						1,477	1,477			
Street Lighting						200	200			
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		–	–	–	–	–	–	–	–	–
Reticulation										
Sewerage purification										
Infrastructure - Other		–	–	–	–	6,014	6,014	–	–	–
Waste Management						6,014	6,014			
Transportation	2									
Gas										
Other	3									
Community		–	–	–	1,900	1,650	1,650	400	–	–
Parks & gardens						–	–			
Sportsfields & stadia						–	–			
Swimming pools					900	900	900			
Community halls					500	250	250			
Libraries						–	–			
Recreational facilities						–	–			
Fire, safety & emergency						–	–			
Security and policing						–	–			
Buses	7					–	–			
Clinics						–	–			
Museums & Art Galleries						–	–			
Cemeteries						–	–			
Social rental housing	8					–	–			
Other					500	500	500	400		
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
Investment properties		–	–	–	–	–	–	–	–	–
Housing development										
Other										
Other assets		–	–	–	–	–	–	–	–	–
General vehicles										
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (list sub-class)										
Total Capital Expenditure on renewal of existing assets	1	25,143	33,242	–	17,952	23,640	23,640	21,100	–	–

Table SA34c Expenditure on repairs and maintenance by asset class

KZN216 Hibiscus Coast - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	22,583	22,185	23,738	27,384	18,406	18,406	16,175	-	-	
Infrastructure - Road transport		20,272	19,915	21,309	25,183	16,935	16,935	15,000	-	-	
Roads, Pavements & Bridges		20,272	19,915	21,309	25,183	16,935	16,935	15,000			
Storm water						-	-				
Infrastructure - Electricity		2,310	2,270	2,429	2,201	1,471	1,471	1,175	-	-	
Generation						-	-				
Transmission & Reticulation		1,081	1,062	1,136	801	170	170				
Street Lighting		1,230	1,208	1,293	1,400	1,301	1,301	1,175			
Infrastructure - Water		-	-	-	-	-	-	-	-	-	
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	
Reticulation											
Sewerage purification											
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Waste Management											
Transportation											
Gas											
Other											
Community		3	1,677	1,647	1,763	1,125	1,288	1,288	755	-	-
Parks & gardens		7					-	-			
Sportsfields & stadia							-	-			
Swimming pools			1,081	1,062	1,136	789	951	951	755		
Community halls							-	-			
Libraries							-	-			
Recreational facilities			596	586	627	337	337	337			
Fire, safety & emergency							-	-			
Security and policing							-	-			
Buses							-	-			
Clinics							-	-			
Museums & Art Galleries							-	-			
Cemeteries							-	-			
Social rental housing			8					-	-		
Other								-	-		
Heritage assets		9	-	-	-	-	-	-	-	-	-
Buildings											
Other											
Investment properties		-	-	-	-	-	-	-	-	-	
Housing development											
Other											
Other assets	10	12,227	12,012	27,989	14,042	32,028	32,028	33,237	-	-	
General vehicles		2,310	2,270	16,544	2,661	16,815	16,815	17,488			
Specialised vehicles		-	-	-	-	-	-	-	-	-	
Plant & equipment		2,273	2,233	2,389	2,619	1,294	1,294	1,385			
Computers - hardware/equipment				-		811	811	868			
Furniture and other office equipment		1,416	1,391	1,489	1,639	98	98	105			
Abattoirs				-		-	-	-			
Markets				-		-	-	-			
Civic Land and Buildings		3,913	3,844	4,497	4,463	3,993	3,993	4,272			
Other Buildings				-		-	-	-			
Other Land				-		-	-	-			
Surplus Assets - (Investment or Inventory)				-		-	-	-			
Other		2,314	2,274	3,070	2,660	9,016	9,016	9,119			
Agricultural assets			-	-	-	-	-	-	-	-	-
List sub-class											
Biological assets			-	-	-	-	-	-	-	-	-
List sub-class											
Intangibles		779	765	819	37	5	5	-	-	-	
Computers - software & programming		779	765	819	37	5	5				
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1	37,265	36,609	54,308	42,588	51,726	51,726	50,167	-	-	

Table SA34d Depreciation by asset class

KZN216 Hibiscus Coast - Supporting Table SA34d Depreciation by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		30,728	37,515	53,287	29,049	29,049	29,049	31,083	-	-
Infrastructure - Road transport		30,728	37,515	53,287	29,049	29,049	29,049	31,083	-	-
Roads, Pavements & Bridges		30,728	37,515	53,287	29,049	29,049	29,049	31,083	-	-
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other										
Community		6,128	4,270	4,569	5,074	5,074	5,074	5,429	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other		6,128	4,270	4,569	5,074	5,074	5,074	5,429	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		21,456	13,574	14,524	21,119	35,560	35,560	21,989	-	-
General vehicles										
Specialised vehicles		239	605	647	7,692	7,692	7,692	-	-	-
Plant & equipment					-	-	-			
Computers - hardware/equipment					-	-	-			
Furniture and other office equipment					-	-	-			
Abattoirs					-	-	-			
Markets					-	-	-			
Civic Land and Buildings		4,178	2,506	2,682	5,077	5,077	5,077	5,432		
Other Buildings		-			-	-	-			
Other Land					-	-	-			
Surplus Assets - (Investment or Inventory)					-	-	-			
Other		17,039	10,463	11,195	8,350	22,791	22,791	16,556		
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		597	247	264	285	285	285	-	-	-
Computers - software & programming		597	247	264	285	285	285			
Other (list sub-class)										
Total Depreciation	1	58,909	55,606	72,644	55,527	69,968	69,968	58,500	-	-

Table SA35 List of Capital Projects

KZN216 Hibiscus Coast - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
R thousand	4			2	6	3	3	5								
Parent municipality:																
List all capital projects grouped by Municipal Vote																
CLUSTER 1					Yes	Other Assets	Other					6,846			Cluster 1	New
CLUSTER 2					Yes	Other Assets	Other					17,233			Cluster 2	New
CLUSTER 3					Yes	Other Assets	Other					9,968			Cluster 3	New
CLUSTER 4					Yes	Other Assets	Other					9,700			Cluster 4	New
CLUSTER 5					Yes	Other Assets	Other					47,050			Cluster 5	New
CLUSTER 6					Yes	Other Assets	Other					14,000			Cluster 6	New
CLUSTER 7					Yes	Other Assets	Other					6,750			Cluster 7	New
MUNICIPAL WIDE					Yes	Infrastructure - Other	Roads, Pavements & Bridges					16,161			Municipal Wide	New
ECONOMIC DEVELOPMENT AND TOWN PLANNING					Yes	Other Assets	Furniture and other office equipment					600			Departmental	New
TREASURY					Yes	Other Assets	Computers - hardware/equipment					150				
Corporate Services					Yes	Other Assets	Furniture and other office equipment					741				
COMMUNITY SERVICES					Yes	Other Assets	Furniture and other office equipment					2,578				
Parent Capital expenditure	1											131,776	-	-		

9. Quality Certificate

I, Sihle Maxwell Mbili , the Municipal Manager of the Hibiscus Coast Municipality, hereby certify that the Draft Budget 2016/17 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and Regulations made under the Act, and that the Adjustment Budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

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Sihle Maxwell Mbili (Municipal manager)
Hibiscus Coast Municipality

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Date